

CHAPTER 1**FUNDS****0101 OVERVIEW**

010101. Purpose. This Chapter establishes the accounting requirements for various DoD funds (as opposed to appropriations). Reporting requirements for funds are prescribed in Volume 6 of this Regulation.

010102. General. As described in Volume 3 of this Regulation, appropriations normally are made available to the Department of Defense as general fund expenditure accounts. This chapter includes a broad description of the remaining types of funds and their operation. The use of the term “accounts” in the context of this chapter should not be confused with “accounts” as in general ledger “accounts.” The “Treasury Financial Manual” describes the various categories of Federal Government funds that use the term “accounts.” These accounts have been assigned Treasury federal account symbols as described in this chapter.

010103. Fund Groups. All accounts are identified by fund group through assignment of numeric and/or alphanumeric account symbols. The symbol assigned to an account is determined after consideration of the governmental effect of the account and the source of the receipt, and the availability of the fund for expenditure. Some of these accounts have a significant impact on the operations of the Department of Defense. The Federal Account Symbols and Titles (FAST) book which is a supplement to the “Treasury Financial Manual” contains all of the fund groups, account symbols and titles assigned by the Department of the Treasury. Table 1-1 lists the fund groups and the federal account symbols assigned by the Department of the Treasury.

0102 ACCOUNTING STANDARDS

010201. General Standards. The accounting principles and standards prescribed in this Regulation apply to the budgetary and proprietary accounts, and to those reports required for the various fund types discussed in this part except when otherwise stated. Managers of funds that have budgetary resources available shall use the budgetary accounts and budget execution reports shall be submitted as prescribed in this Regulation.

010202. Special Standards. As applicable, special standards are identified in this chapter for certain funds discussed herein.

FUND GROUPS	
General Funds	0000-3799
Clearing Accounts	3800-3899
Consolidated Working Funds	3900-3959
Management Funds	3960-3999
Revolving Funds:	
Public Enterprise	4000-4499
Intragovernmental	4500-4999
Special Funds	5000-5999
Deposit Funds	6000-6999
Trust Funds:	
Departments and Agencies	8000-8399 and 8500-8999
Trust Revolving Funds	8400-8499

Table 1-1

0103 ACCOUNTING FOR FUNDS

010301. General Fund Receipt Accounts. General fund receipt accounts have been established to account for receipts of the Federal Government that have not been earmarked by law for a specific purpose. For internal control purposes, none of the receipts credited to these accounts are available for obligation and expenditure. Therefore, general fund receipt account collections do not affect budgetary resources. General fund receipt account collections do provide resources to the Congress to fund appropriations. However, a Congressional appropriation action requires a separate accounting process.

A. Unless there is specific statutory authority that authorizes a reimbursement to an appropriation account or fund (including special funds), all collections shall be credited to the appropriate general fund receipt account. However, obligations incurred that result in, or as a result of a general fund receipt account collection or receivable shall be recorded in the budgetary accounts of a direct appropriation or fund. Such obligations may be recorded as reimbursable obligations only when authorized to be reimbursed independent of the general fund receipt collection.

B. Accounts receivable for the general fund receipt accounts shall be recorded whenever an event results in the determination that money is owed to the U.S. Government. General fund receipt account receivables may be recorded at a summary level. Examples include:

1. A receivable shall be recorded for general fund receipt account 2651, "Sale of Scrap and Salvage Materials, Defense," based upon the recording of an issue or

the transfer of ownership of scrap or salvage material to a buyer. (Normally, however, a cash payment is required.)

2. A receivable shall be recorded for general fund receipt account 3019, "Recoveries for Government Property Lost or Damaged, not Otherwise Classified, Army, Navy, Air Force," based upon the receipt of an approved DD Form 200, "Report of Survey."

3. The accounting for receivables and collection of those receivables in general fund receipt accounts is described in Volume 4 of this Regulation.

010302. Clearing Accounts. These accounts are solely established for the temporary holding of general, special or trust collections, or unidentified disbursements pending clearance to the applicable receipt or expenditure account. These clearing accounts are to be used only when there is a reasonable basis or evidence that the collections or disbursements belong to the U.S. Government and therefore properly affect the budgetary resources of the DoD activity. Unidentified disbursements or collections not meeting this criteria shall be recorded in the deposit fund accounts discussed in paragraph 010307, below. None of the collections recorded in clearing accounts are available for obligation or expenditure while in a clearing account. If unidentified disbursements recorded in a clearing account exceed collections at the end of a fiscal year, the DoD Component shall establish an obligation in its major support appropriation account for the net difference. DoD activities shall, before the end of the fiscal year, obligate estimated amounts to preclude an Antideficiency Act Violation (see Volume 14 of this Regulation) as a result of this requirement. These entries shall be reversed at the beginning of the next fiscal year. Management action should be taken to minimize the balances in these accounts and the impact of these fiscal year end entries. Clearing accounts are identifiable by an "F" preceding the last four digits that classify an account by fund group.

A. The Budget Clearing Account (suspense), F3875, shall be used for unidentified remittances presumed to be applicable to budget accounts in general but required to be held in suspense because the specific account to be credited is not yet known. The use of this account gives immediate budget effect with respect to all items for which ultimate credit to a budget account is a reasonable presumption. However, DoD Components shall make every effort to maintain a minimum balance in this account by expeditiously transferring all monies initially classified in this account to the proper account. Clearing accounts are distinguished from deposit fund accounts in that deposit fund accounts do not affect the Component budgetary resources, whereas clearing accounts do affect the balance of Funds with Treasury and budgetary resources available as described in the introductory paragraph, above.

B. The "Deposits in Transit Differences (suspense)" clearing account, F3878, is used by the Department of the Treasury to adjust for discrepancies relating to deposit tickets and/or debit vouchers that have aged 6 months or more. DoD Components shall make every effort to clear balances in this account by expeditiously transferring all moneys out of this account to the proper account.

C. Table 1-2 illustrates the most common entries used for clearing accounts. The documentation supporting such entries includes cash collection vouchers and disbursement records.

ACCOUNTING ENTRIES USED FOR CLEARING ACCOUNT

a.	Dr	1011	Funds Collected
	Cr	1014	Undistributed Collections
b.	Dr	1015	Undistributed Disbursements
	Cr	1012	Funds Disbursed

Table 1-2

D. Any net balance of disbursements exceeding collections remaining in a clearing account at the end of a fiscal year shall be obligated. Table 1-3 illustrates this obligation. The documentation supporting such entries is a journal voucher prepared at the end of the fiscal year.

**ACCOUNT ENTRIES FOR CLEARING ACCOUNTS
WHEN NET BALANCES OF DISBURSEMENTS EXCEED COLLECTIONS**

Dr	4611	Uncommitted/Unobligated Allotments-Direct Program-Current Period
Cr	4930	Accrued Expenditures-Paid-Direct Program

Table 1-3

010303. Consolidated Working Fund Accounts. These are accounts established to hold funds transferred from other Federal Agencies or DoD activities pending transfer to an appropriate expenditure account as authorized by provisions of law. Consolidated working funds are credited with funds transferred from more than one appropriation or fund from within or outside the Department. Consolidated working funds are not available for obligation and expenditure. Their purpose is solely to hold the funds until transferred to an appropriation or fund account that will finance the work to be performed. Transfers into and out of the account are nonexpenditure transfers. Amounts in consolidated working fund accounts are available for transfer for the same periods as the accounts from which the funds were transferred.

A. Unless a specific provision of law provides otherwise, a consolidated working fund carries the fiscal characteristics and limitations of the appropriations or funds from which the transfer was made. Thus, funds transferred to a consolidated working fund must have similar purposes, fiscal characteristics, and limitations. For example, no-year, multiple-year, and single-year accounts shall not be commingled in the same consolidated working fund. Fund availability in a consolidated working fund expires when the accounts that advanced the funds expire. Likewise, appropriations designated by the Congress for dissimilar purposes, that is, operations and maintenance or procurement, shall not be commingled in the same consolidated working fund.

B. Consolidated working funds shall be accounted for by fiscal year on the same basis as the appropriations or funds that advanced funds to the working fund. Therefore, nonexpenditure transfers must be made to other appropriations or funds before the original funds expire for obligation purposes. In effect, the consolidated working fund is simply a holding account into which available funds are transferred. Then, based upon appropriate analysis and justification, funds are transferred to other accounts in amounts needed for execution purposes.

C. Since no execution or performance is permitted to occur in a consolidated working fund, accounting and reporting requirements are limited to the accounting and reporting of available budgetary resources, related equity, and funds with Treasury. Figure 1-1 shows an overview of the operation of a consolidated working fund.

D. Balances in consolidated working fund accounts shall be recorded as any other appropriated balance. Table 1-4 illustrates those entries.

E. The documentation supporting this entry includes approved SF 1151, “Nonexpenditure Transfers.”

010304. Management Fund Accounts. Currently management funds are not authorized for use within the DoD.

BALANCES IN CONSOLIDATED WORKING FUND ACCOUNTS ENTRIES

Dr	1013	Funds with Treasury
Dr	4170	Appropriation Transfers
	Cr	3100 Appropriated Capital
	Cr	4160 Anticipated Transfers of Current Fiscal Year Authority

Table 1-4

010305. Revolving Funds. Revolving funds are established to finance a continuing cycle of business-type operations. Revolving fund accounts are authorized to be credited with receipts, incur obligations, and make expenditures. Revolving fund collections are normally available for obligation and expenditure without further action by the Congress. However, DoD revolving funds (except for some business areas within the Defense Business Operations Fund) are subject to apportionment by the OMB. Apportionment by the OMB precludes obligation or expenditure of funds in excess of the apportioned balance during a fiscal period. Figure 1-2 is an overview of the operation of revolving funds. The following concepts normally apply to revolving funds:

A. There are two types of revolving funds. Public enterprise revolving funds are distinguished from intragovernmental revolving funds by the source of revenues. Public enterprise revolving fund revenues come primarily from outside the Federal Government. Intragovernmental revolving fund revenues come primarily from other federal appropriations or funds.

B. Appropriations and/or reappropriations are usually provided to start, increase the size, or replace significant losses of a revolving fund. Also, existing resources in other accounts may be transferred to a revolving fund as capitalized assets to serve the same purposes in lieu of an appropriation. The resources used to commence or increase the size of a revolving fund commonly are referred to as “the corpus of the revolving fund.” The corpus forms the nucleus of resources used to acquire the resources needed to perform the mission of the revolving fund.

C. Revenues are generated in DoD revolving funds from reimbursable actions on behalf of authorized beneficiaries. Those revenues result in collections of funds. The funds collected are used to pay for the acquisition of resources needed to operate the revolving fund. In revolving funds that are apportioned by the OMB, the use of the budgetary resources associated with those collections to incur obligations is limited to the amount of obligation authority available for the fiscal period.

D. Revolving funds subject to apportionment are apportioned on an obligation basis. An SF 132, “Apportionment and Reapportionment Schedule,” must be submitted to the OMB for approval of the amount of obligational authority needed for the operation of the revolving fund for a fiscal period. A fiscal period may be a quarter of a fiscal year or a full fiscal year.

E. Budgetary resources available for apportionment action include:

1. New budget authority (appropriations)
2. Available unobligated balances at the beginning of the fiscal period.

3. Reimbursements and other income (also known as offsetting collections credited to the appropriation or fund account).

4. Recoveries of prior year obligations.

5. Restorations.

6. Contract authority.

F. The apportionment of anticipated reimbursements as obligational authority in no way authorizes a revolving fund to obligate in excess of the contract authority, borrowing authority, or reimbursable orders received from within the Federal Government and advances received for orders outside the Federal Government. Orders from state, local, and foreign governments are considered to be orders from the public.

G. In the case of loan programs, budgetary resources available for obligation from loan repayments and interest on loans are comprised of actual collections when authorized to be used. Loan repayments in the form of loans receivable and interest receivable are amounts due but not collected. These amounts are not available for obligation until collected.

H. Other assets, whether of a working capital nature such as inventories of stock or of a fixed asset nature, are not considered as a budgetary resource. Such assets, therefore, do not enter into the determination of unobligated balances. However, claims against budgetary resources, such as accounts payable and undelivered orders, are obligations of a revolving fund and must be subtracted from unobligated balances when incurred. Obligations for the procurement of inventories, as well as for the acquisition of other revolving fund assets, must be recognized, recorded, and reported along with other obligations.

I. Some revolving funds, particularly public enterprise funds, have budget authority exclusively for the fund that is technically outside the fund as long as it remains “undrawn.” This concept may apply to the authority to borrow from the public, authority to borrow from the Department of the Treasury, and sometimes contract authority.

J. The amount of obligational authority apportioned or the available balance of obligational authority may be less than the total budgetary resources available in a revolving fund. The difference, which cannot be obligated unless it is apportioned, may be characterized as either an unapportioned balance of a revolving fund or a restrictive withholding. The concept of an unapportioned balance is one of preserving a portion of the fund’s capital so it may continue to revolve.

K. Incurring obligations or authorizing the incurrence of obligations in excess of apportioned budgetary resources shall be reported as an apparent violation of the administrative control of funds provisions contained in Volume 14 of this Regulation. This

reporting requirement applies whether or not a revolving fund has unapportioned budgetary resources or nonbudgetary assets greater than the amount of the deficiency.

L. Each revolving fund is required to submit a separate set of reports to the Department of the Treasury as described in Volume 6 of this Regulation. Therefore, the data required for each revolving fund to prepare these reports shall be identified within the DoD Component's accounting system.

M. DoD public enterprise revolving funds include but are not limited to the Special Defense Acquisition Fund, Defense Production Guarantees Fund, and the Homeowners Assistance Fund. DoD intragovernmental revolving funds are the Defense Business Operations Fund, the Pentagon Reservation Maintenance Fund, Washington Headquarters Services Building Maintenance Fund, and the Army Conventional Ammunition Working Capital Fund.

1. The Special Defense Acquisition Fund is funded by the use of a limited amount of certain foreign military sales collections as authorized by Congress. The fund is used to acquire items needed in anticipation of sales to foreign governments. The proceeds from the sales of the fund are used to acquire items in anticipation of future sales. Budgetary resources provided from sales to customers are not available for use until collections have occurred and OMB has approved apportionment of funds by category of item. The apportionment of funds by the OMB provides control over the obligations for the acquisition of approved categories of items. The Special Defense Acquisition Fund has been assigned the symbol 11X4116 by the Department of the Treasury. Figure 1-3 is an overview of the operation of the Special Defense Acquisition Fund.

2. The Defense Production Guarantees Fund was funded by borrowing authority and interest collections. This fund is used to repay loans defaulted by defense contractors that have been guaranteed by the U.S. Government. Obligations and liabilities shall be recorded based upon documentary evidence that a qualifying loan has been defaulted and the DoD Component is required to repay the loan. An accounts receivable from the defense contractor shall be recorded in the amount of funds paid to satisfy the defaulted loan at the time of disbursement. Budgetary resources associated with collections from the defense contractor are not available until after the funds are collected and apportioned by the OMB. The Defense Production Guarantee Fund has been assigned the symbol X4080 by the Department of the Treasury. Figure 1-4 is an overview of the operation of the Defense Production Guarantee Fund.

3. The Homeowners Assistance Fund, Defense is funded by borrowing authority and appropriations. The fund is used to acquire homes under certain criteria when a DoD installation is closed. The fund acquires homes as assets and assumes the related liabilities. All properties acquired by the Homeowners Assistance Fund are managed and disposed of by the U.S. Army Corps of Engineers. At the time of sale of a property, revenues are recorded and gains and losses on the disposition of the asset are determined. Costs incurred related to a property

shall be capitalized as an increase in the amount of the asset whenever value is added to the property. Under certain conditions, losses incurred on private sales of qualified property may be reimbursed as operating expenses of the fund. Certain other operating expenses may be authorized. The budgetary resources provided from sales or lease of property are only available for obligation after collection and when apportioned by the OMB. The Homeowners Assistance Fund has been assigned the symbol X4090 by the Department of the Treasury. Figure 1-5 is an overview of the operation of the Homeowners Assistance Fund.

4. The Defense Business Operations Fund has been established to fund the operation of certain support functions within the Department of Defense. This Fund was formed from five previously existing industrial funds, four previously existing stock funds, and selected Defense Agency support functions that were previously funded through direct appropriations. The Defense Business Operations Fund provides support functions such as inventory, maintenance, communications, depot maintenance, shipyards, military airlift and sealift. Services are provided on a reimbursable basis to authorized customers. The accounting requirements for the Defense Business Operations Fund are contained in Volume 11B of this Regulation. Figure 1-6 is an overview of the operation of this Fund.

5. The Army Conventional Ammunition Working Capital Fund was chartered to finance the loading, assembly, and packing operations for the manufacturing of conventional ammunition for the Department of Defense. This revolving fund was not provided with a corpus but instead performs work with funds from advances received associated with customer orders for ammunition. Apportioned budgetary resources for the fund include reimbursements from customers, unobligated balances brought forward, and recoveries of prior year obligations. Budgetary resources associated with customer orders received are available for obligation within the apportioned amount during a fiscal period. The Army Conventional Ammunition Working Capital Fund has been assigned the symbol X4528 by the Department of the Treasury. Figure 1-7 is an overview of the operation of the Army Conventional Ammunition Working Capital Fund.

010306. Special Funds.

A. There are two types of special fund accounts.

1. Receipt Accounts. Special fund receipt accounts are credited with receipts from specific sources that are earmarked by law for a specific purpose, but which are not generated from a continuing cycle of operations. At the point of collection, these receipts are either available for transfer to a special fund expenditure account or are not available for transfer depending upon statutory authority. Obligations and expenditures shall not be recorded in a special fund receipt account.

2. Expenditure Accounts. Special fund expenditure accounts are established to record amounts appropriated or otherwise made available by transfers from a

special fund receipt account to be obligated and expended for special programs in accordance with specific provisions of law.

B. Special fund receipts shall be accounted for in the special fund receipt account until made available for obligation and expenditure in a special fund expenditure account. Special fund receipts fall into two categories:

1. Receipts that are not available for use in a special fund expenditure account. Some special fund receipts are not available until appropriated to an expenditure account by the Congress. Receipts credited to some other special fund receipt accounts are required by the authorizing legislation to be transferred in whole or in part to other accounts before an appropriation warrant can be issued by the Department of the Treasury. Still other special fund receipts may not be available for use because a congressional limitation has been established on the amount that would normally be otherwise available for obligation and expenditure.

2. Receipts that are authorized by legislation to be immediately available for transfer to an expenditure account. These receipts are immediately available in their entirety to a single agency for transfer to a special fund expenditure account for obligation and expenditure without further action by the Congress. An available receipt account carries the same symbolization as its corresponding expenditure account in that an alphanumeric character (usually an "X") is inserted to indicate the period of availability of the funds for obligation.

C. Table 1-5 illustrates the accounting entries for special fund receipts that are not available for use. The documentation supporting this entry is a cash collection voucher.

D. The accounting for special fund expenditure accounts shall be in accordance with the provisions of this Regulation. However, each special fund must be viewed as a unique fund in light of any special provisions in the enabling legislation. An example of a Department of Defense special fund account is the Wildlife Conservation account.

**ACCOUNTING ENTRIES FOR SPECIAL FUND RECEIPTS
NOT AVAILABLE FOR USE**

Dr	1011	Funds Collected
	Cr	5000 Revenue

Table 1-5

010307. Deposit Fund Accounts. These are accounts established to account for collections that are either held temporarily and later refunded or paid upon administrative or legal determination as to the proper disposition thereof, or held by the Government as banker or agent for others and paid out at the direction of the depositor. Deposit funds are liabilities of the Federal Government. The accounts are not included in the budget totals because the amounts are not available for government purposes. Deposit funds are not available for the incurrence of any Federal Government obligations or payment of any Federal Government obligations. Various types of deposit funds include:

A. Moneys withheld by the Government from payments for goods and services received. This type of transaction may be treated as a deposit fund liability only when a budgetary account has been charged and the funds are being held by the Government pending payment; for example, payroll deductions for savings bonds or State and local income taxes.

B. Deposits received from outside sources for which the U.S. Government is acting solely as a banker, fiscal agent, or custodian.

C. Moneys held by the U.S. Government awaiting distribution on the basis of a legal determination or investigation. This category includes moneys in dispute (between the Government and outside parties) when ownership is in doubt and there is no present basis for estimating ultimate distribution.

D. Unidentified remittances shall be credited as suspense items outside the budget (deposit fund suspense account X6875) unless there is a reasonable presumption that they will be credited ultimately to a receipt, appropriation (expenditure), or fund account within the budget, in which case amounts shall be credited to the receipt clearing accounts.

E. Table 1-6 illustrates the most common entries used for recording deposit fund receipts. The documentation supporting this entry includes cash collection vouchers, and journal vouchers.

ACCOUNTING ENTRIES FOR RECORDING DEPOSIT FUND RECEIPTS							
<table><tr><td>Dr</td><td>1011</td><td>Funds Collected</td></tr><tr><td></td><td>Cr</td><td>2411</td><td>Deposit Fund Liabilities</td></tr></table>	Dr	1011	Funds Collected		Cr	2411	Deposit Fund Liabilities
Dr	1011	Funds Collected					
	Cr	2411	Deposit Fund Liabilities				
Table 1-6							

010308. Trust Funds.

A. There are three types of trust fund accounts.

1. Trust fund receipt account. Trust fund receipt accounts are credited with receipts generated by the terms of a trust agreement or statute. At the point of collection, these receipts are available for transfer to a trust fund expenditure account or are not available for transfer depending upon the terms of the trust agreement or statutory authority.

2. Trust fund expenditure account. Trust fund expenditure accounts are established to record amounts appropriated or otherwise made available by transfer from a trust fund receipt account to be obligated and expended in carrying out the specific purposes or programs in accordance with the terms of the trust agreement or statute. Funds transferred or appropriated to a trust fund expenditure account are normally available for obligation and expenditure within the limits imposed by the trust agreement or authorizing statute.

3. Trust revolving fund. A trust revolving fund is a single account that is authorized to be credited with receipts and incur obligations and expenditures in support of a continuing cycle of business-type operations in accordance with the provisions of the trust agreement or statute. Trust revolving fund receipts are available for obligation and expenditure without further action by the Congress. Figure 1-8 provides an overview of the operation of a trust revolving fund.

B. In general, DoD trust funds authorized to incur obligations and expend receipts have been exempted from apportionment by the OMB. However, the Defense Commissary Agency Surcharge Collections, Sales of Commissary Stores trust revolving fund is subject to apportionment by the OMB. Accounting for trust fund expenditure accounts and trust revolving funds shall be in accordance with the provisions of this Regulation. However, each trust fund must be viewed as a unique fund in light of any special provisions in the trust agreement or the enabling legislation. Because of the unique nature and the magnitude of impact of the Deposits, Advances, Foreign Military Sales, Executive trust fund, special accounting requirements have been established in Volume 15 of this Regulation.

OVERVIEW - BASIC CONCEPT OF CONSOLIDATED WORKING CAPITAL

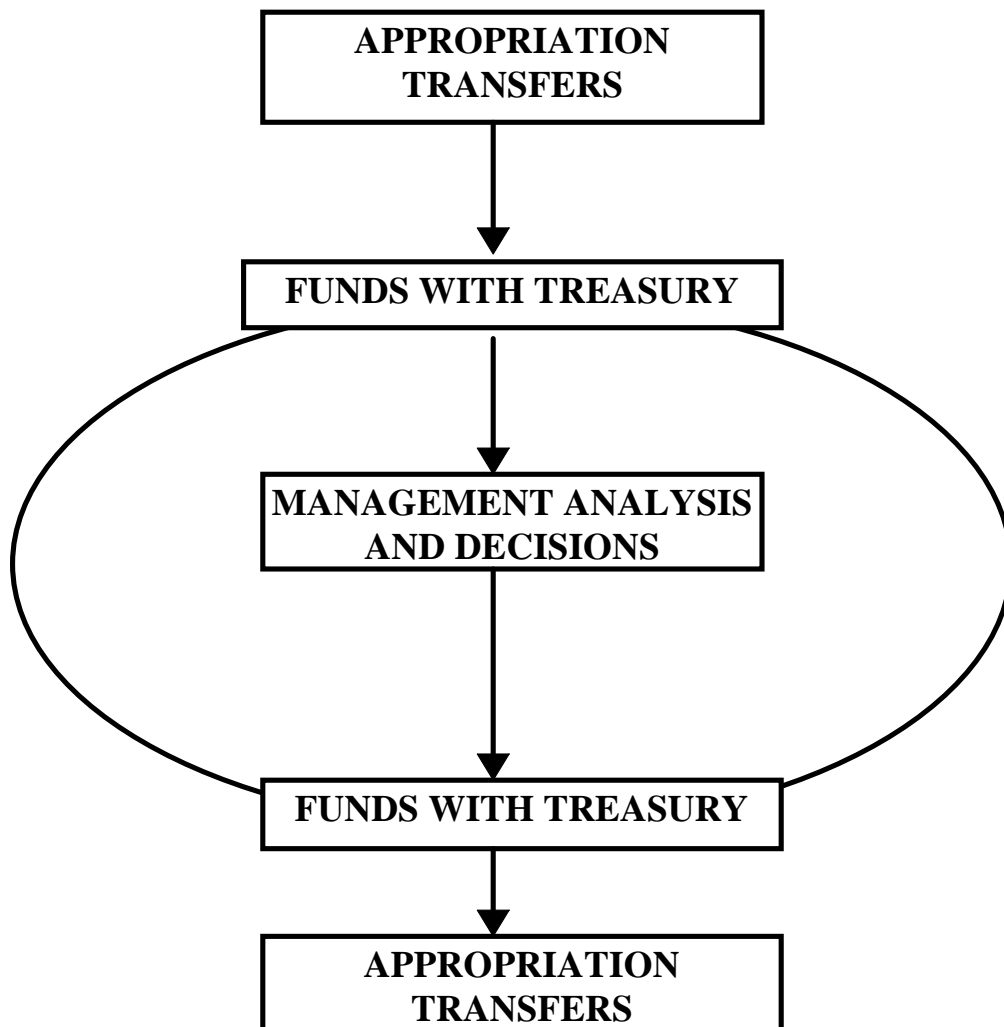


Figure 1-1

OVERVIEW - BASIC CONCEPT OF REVOLVING FUNDS

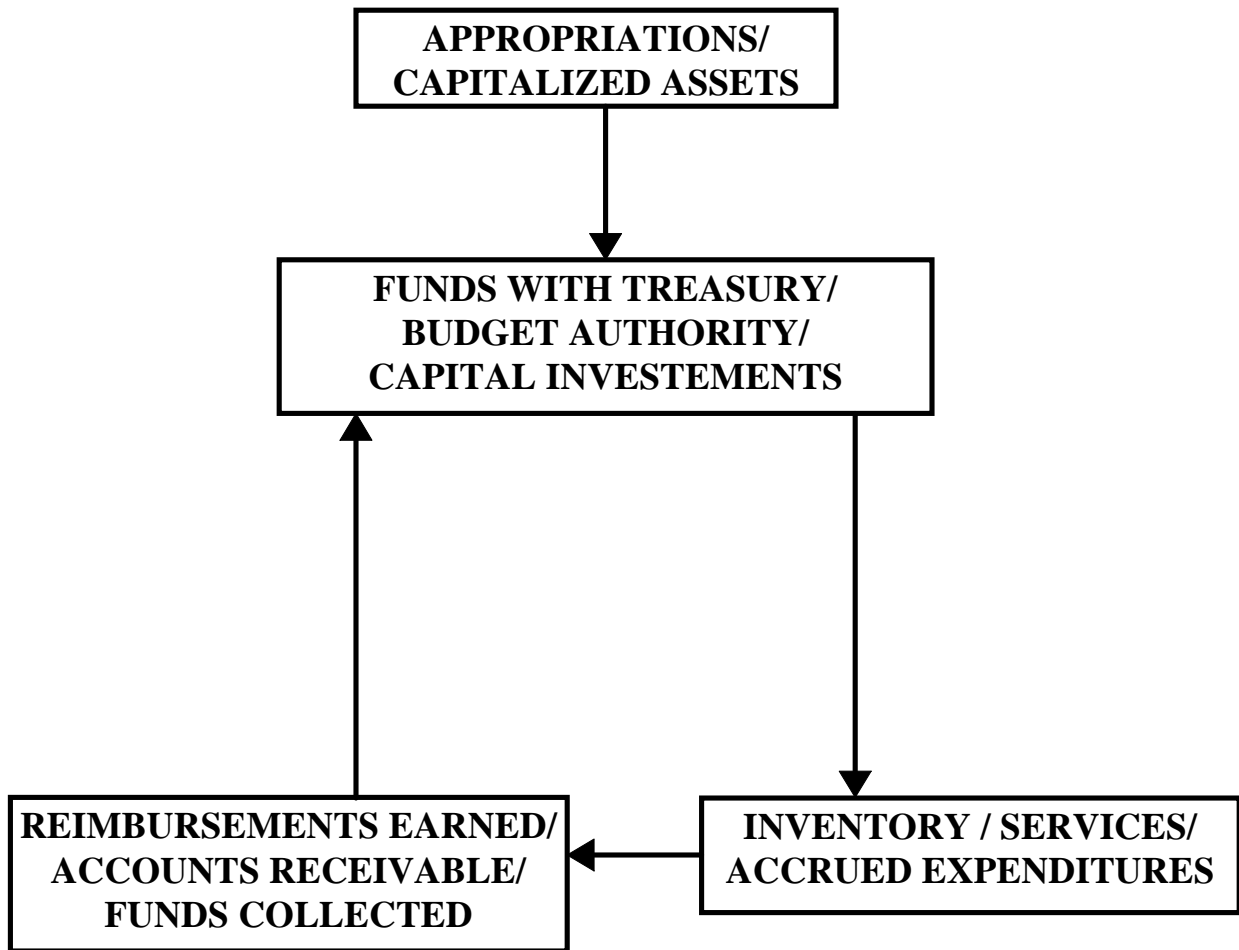


Figure 1-2

OVERVIEW - BASIC CONCEPT OF SPECIAL DEFENSE ACQUISITION FUND

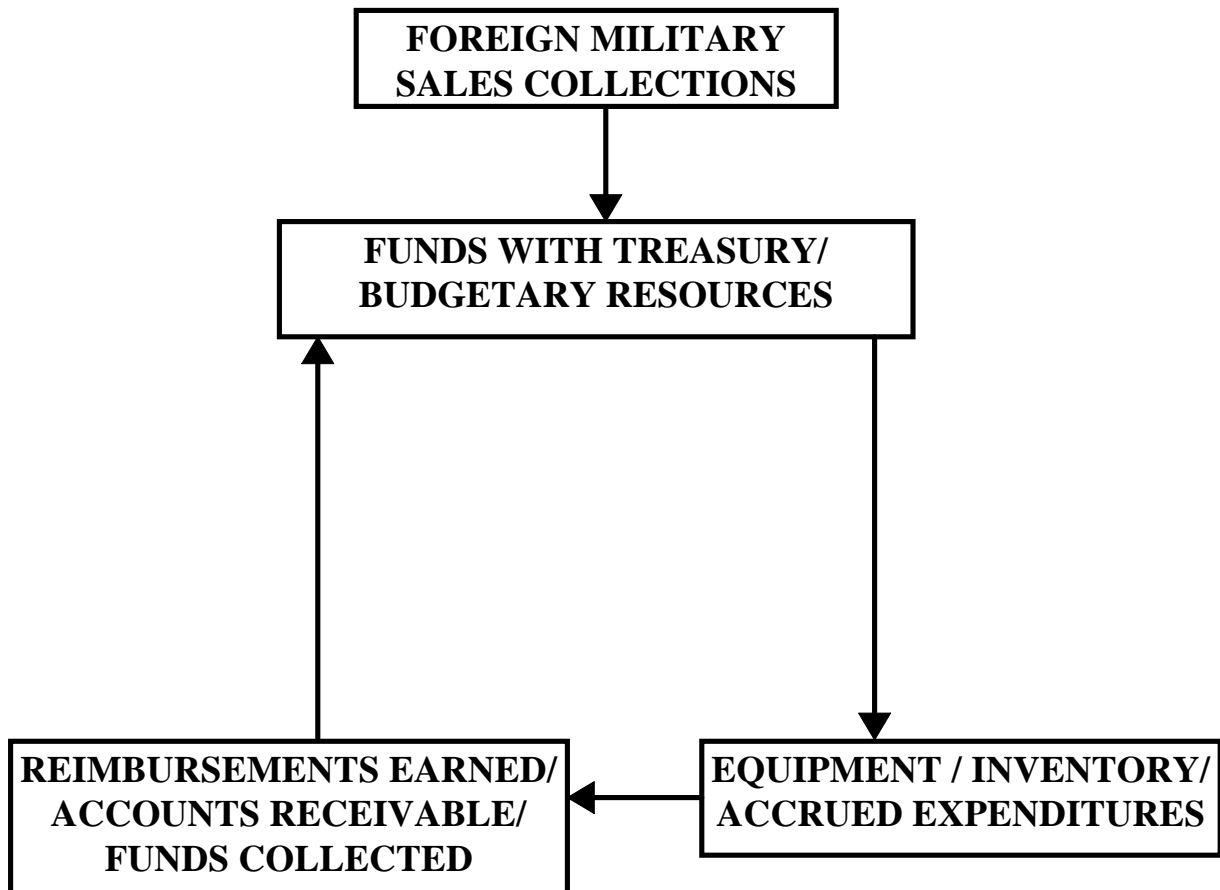


Figure 1-3

OVERVIEW - BASIC CONCEPT OF DEFENSE PRODUCTION GUARANTEE FUND

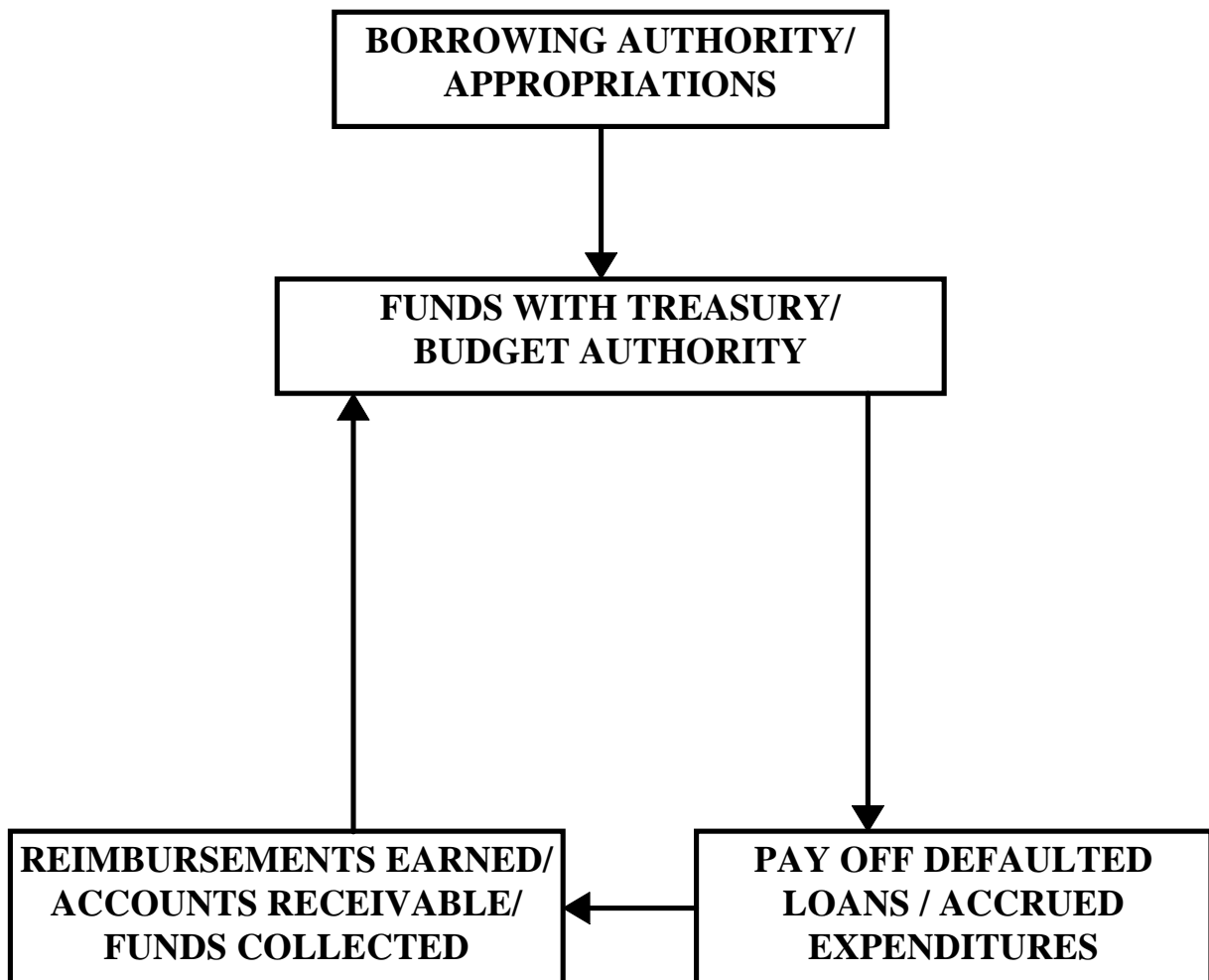


Figure 1-4

OVERVIEW - BASIC CONCEPT OF HOMEOWNERS ASSISTANCE FUND

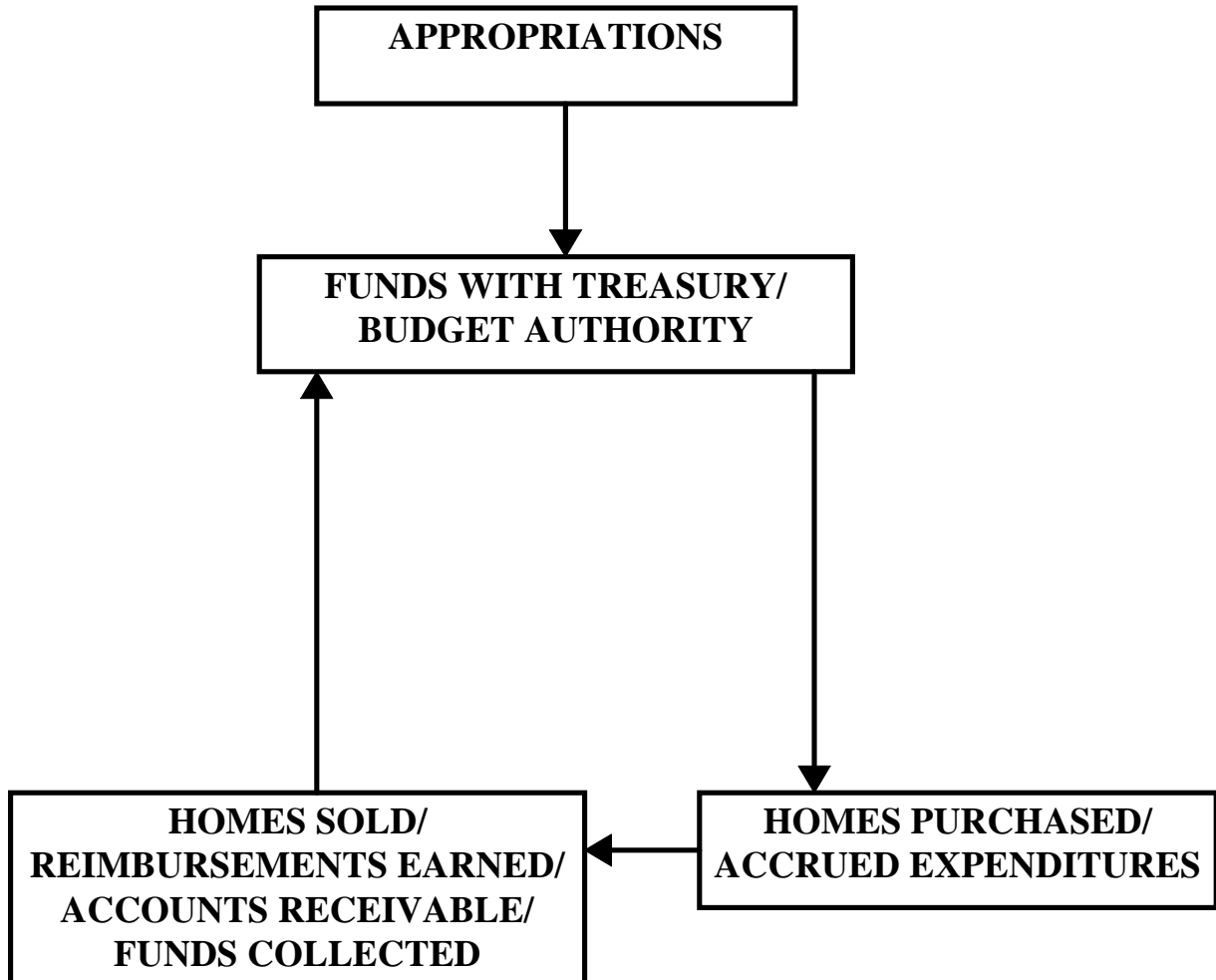


Figure 1-5

OVERVIEW - BASIC CONCEPT OF THE DEFENSE BUSINESS OPERATIONS FUND

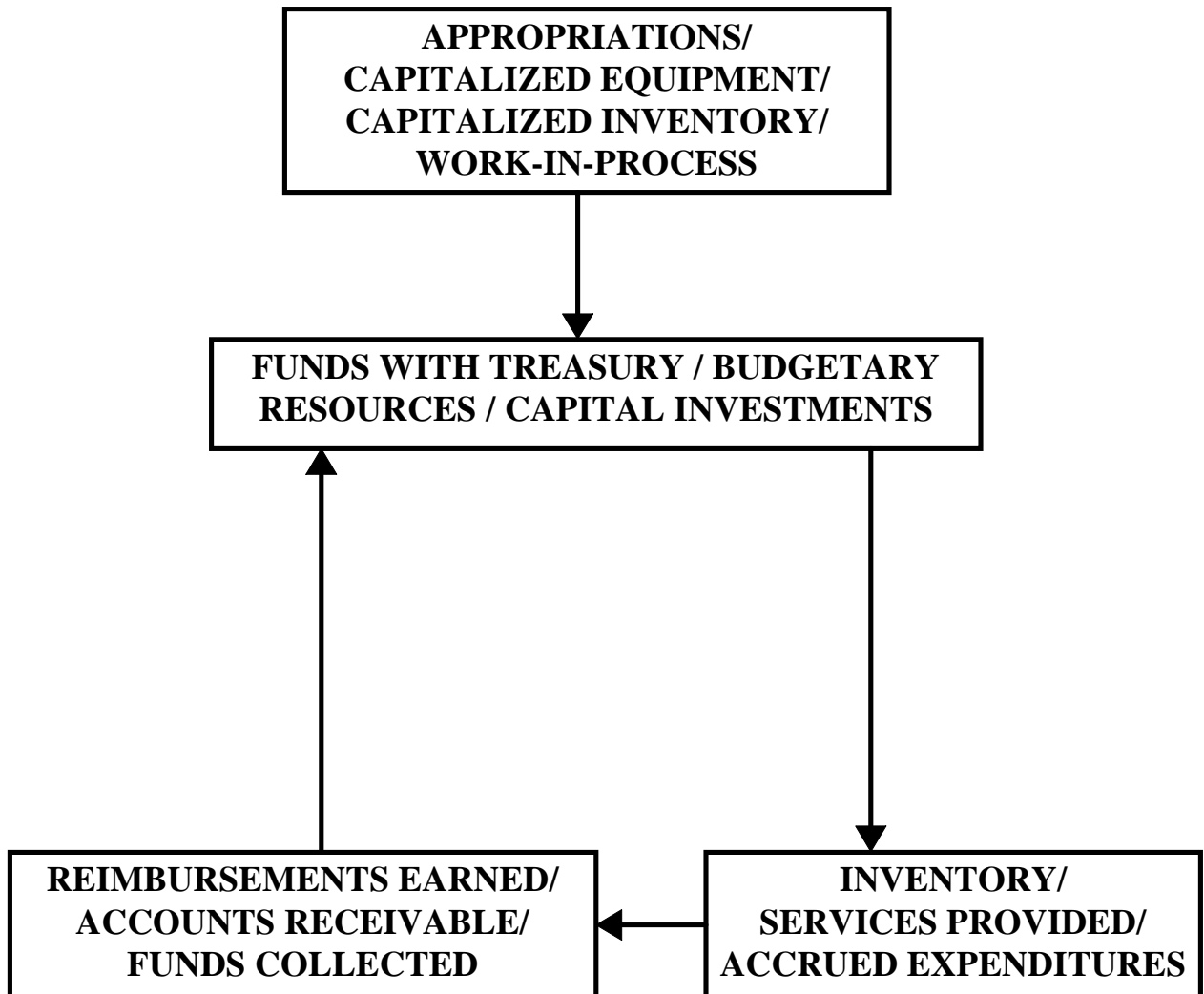


Figure 1-6

**OVERVIEW - BASIC CONCEPT OF ARMY CONVENTIONAL
AMMUNITION WORKING CAPITAL FUND**

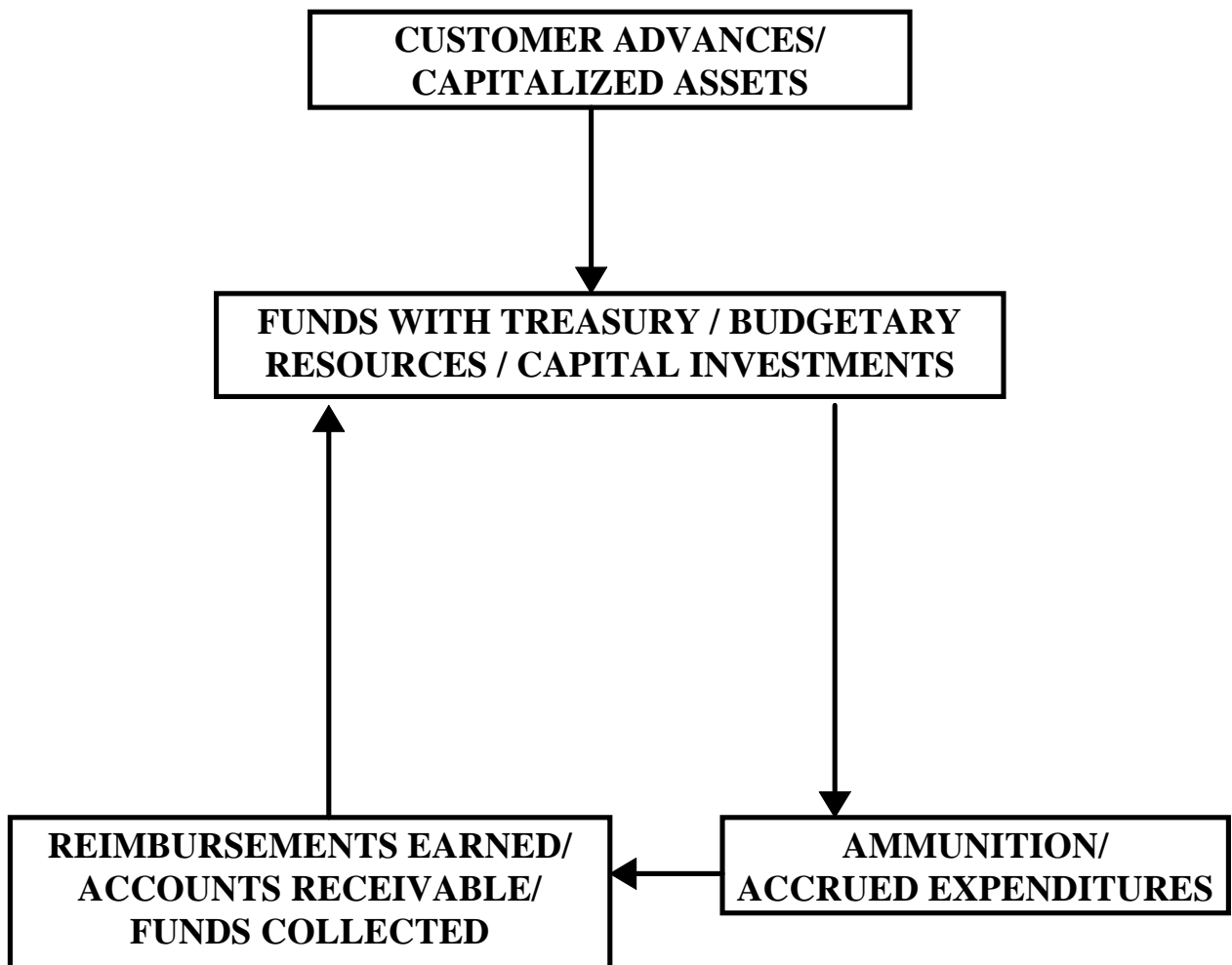


Figure 1-7

OVERVIEW - BASIC CONCEPT OF TRUST REVOLVING FUNDS

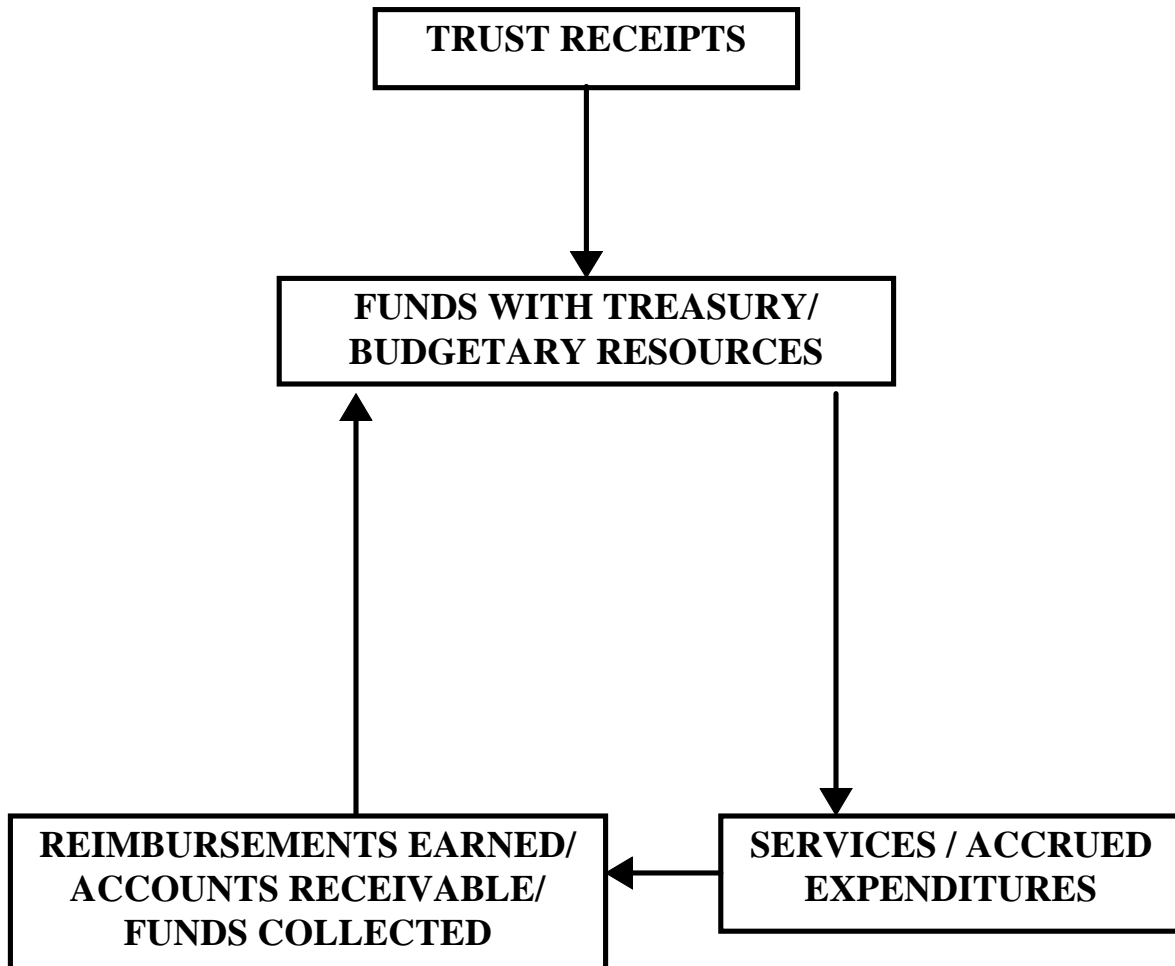


Figure 1-8